

TOWN OF CLARKS
Clarks, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/2/11

TOWN OF CLARKS
Clarks, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2010

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M. CARLEEN DUMAS
Certified Public Accountant
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Independent Accountant's Report

MAYOR AND BOARD OF ALDERMEN
TOWN OF CLARKS
Clarks, Louisiana

I have reviewed the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Clarks, as of and for the year ended June 30, 2010, which comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Town of Clarks.

My review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of the personnel of the Town of Clarks and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report dated September 27, 2010, on the results of my agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information on pages 4 and 27, are not a required part of the basic financial statements but are *supplementary information required by accounting principles* generally accepted in the United States of America. The Schedule of Per Diem Paid Aldermen on page 30, the Status of Prior Year Findings on page 31, and the Current Year Findings and Corrective Action Plan on page 32 are presented only for supplementary analysis purposes. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

/s Carleen Dumas
Calhoun, Louisiana
September 27, 2010

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

TOWN OF CLARKS
Clarks, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Our discussion and analysis of the Town of Clarks' (hereafter referred to as the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Town's financial statements that begin on page 10.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 10 and 11 provide information about the activities of the Town as a whole. Fund financial statements begin on page 12. For governmental activities, these statements provide information on how the general activities of the Town are financed in the short term as well as what remains for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements.

Reporting the Town as a Whole - The Statement of Net Assets and the Statement of Activities

Our analysis of the Town as a whole begins on page 10 with the Statement of Net Assets and on page 11 with the Statement of Activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and the changes in them. Net assets - the difference between assets (what the Town owns) and liabilities (what the Town owes) is a way to measure the financial position of the Town. Over time, increases or decreases in the Town's net assets are an indicator of whether the Town's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Town is divided into two kinds of activities:

Governmental activities - all of the Town's governmental services are reported here including police and fire protection and general administration.

Business-type activities - the Town's water and sewer systems are reported here.

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Reporting the Town's Funds - Fund Financial Statements

Our analysis of the Town's funds begin on page 12 . The fund financial statements provide more detailed information about the Town's funds. The Town's two kinds of funds - governmental and business-type funds use different accounting methods.

Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future. The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds are reported in a reconciliation at the bottom of the fund financial statements.

Business-type activities funds are reported in the same way that the activities are reported in the Statement of Net Assets and the Statement of Activities.

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

Government-Wide

The Town's total net assets decreased by \$121,849 during the year ended June 30, 2010. The decrease in net assets is a result of the Town's revenues being inadequate to cover the cost of Town operations including depreciation expense on capital assets which was \$164,706 for the year ended June 30, 2010. The following presents an analysis of net assets and changes in net assets of the Town's governmental and business-type activities:

TOWN OF CLARKS
 Clarks, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2010

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Assets						
Current assets	\$26,876	\$38,869	\$64,447	\$34,356	\$91,323	\$73,225
Restricted assets	55,795	56,223			55,795	56,223
Capital assets	503,377	533,399	1,593,344	1,719,374	2,096,721	2,252,773
Total assets	<u>586,048</u>	<u>628,491</u>	<u>1,657,791</u>	<u>1,753,730</u>	<u>2,243,839</u>	<u>2,382,221</u>
Liabilities						
Current liabilities	<u>7,007</u>	<u>26,553</u>	<u>18,777</u>	<u>15,765</u>	<u>25,784</u>	<u>42,318</u>
Net Assets						
Invested in capital assets	503,377	533,399	1,593,344	1,719,374	2,096,721	2,252,773
Restricted by grantor	55,795	56,223			55,795	56,223
Unrestricted	<u>19,869</u>	<u>12,316</u>	<u>45,670</u>	<u>18,591</u>	<u>65,539</u>	<u>30,907</u>
Total net assets	<u>579,041</u>	<u>601,938</u>	<u>1,639,014</u>	<u>1,737,965</u>	<u>2,218,055</u>	<u>2,339,903</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Program revenues						
Charges for services	\$8,394	\$8,692	\$221,933	\$188,824	\$230,327	\$197,516
Operating grants	18,756	16,230	28,525	19,900	47,281	36,130
Capital grants	6,630	650,586			6,630	650,586
General revenues						
Property taxes	7,018	7,074			7,018	7,074
Franchise taxes	10,768	10,979			10,768	10,979
Sales taxes	4,081	2,503			4,081	2,503
Occupational licenses	10,006	10,441			10,006	10,441
Investment earnings	83	61	133	47	216	108
Other	3,909	4,291			3,909	4,291
Transfers	<u>60,965</u>	<u>(738,220)</u>	<u>(60,965)</u>	<u>738,220</u>		
Total revenue and transfers	<u>130,610</u>	<u>(27,363)</u>	<u>189,626</u>	<u>946,991</u>	<u>320,236</u>	<u>919,628</u>
Program expenses						
General government	146,878	125,663			146,878	125,663
Public works	6,630				6,630	
Water and sewer			288,577	255,584	288,577	255,584
Total expenses	<u>153,508</u>	<u>125,663</u>	<u>288,577</u>	<u>255,584</u>	<u>442,085</u>	<u>381,247</u>
Change in net assets	(22,898)	(153,026)	(98,951)	691,407	(121,849)	538,381
Net assets - beginning	<u>601,939</u>	<u>754,964</u>	<u>1,737,965</u>	<u>1,046,558</u>	<u>2,339,904</u>	<u>1,801,522</u>
Net assets - ending	<u>\$579,041</u>	<u>\$601,938</u>	<u>\$1,639,014</u>	<u>\$1,737,965</u>	<u>\$2,218,055</u>	<u>\$2,339,903</u>

The Town's total revenues decreased \$599,392 in 2010 primarily due to a \$643,956 decrease in capital grant revenue. Total expenses increased \$60,838 in 2010 which was primarily due to an increase in salary and repair expenses. These increases were partially offset by an increase in state operating grants.

TOWN OF CLARKS
Clarks, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010

Governmental Funds

The revenue from governmental activities decreased \$641,212 from governmental revenues of the prior year due to an decrease in grant revenue in 2010. Expenses from governmental activities increased \$27,845 with increases in insurance, supplies and repairs.

Business-Type Activities

Water and sewer fees of the Water and Sewer Enterprise Fund increased \$33,109 from the prior year due to a rate increase that went into effect during the prior year. Expenses increased \$32,993 from prior year amount with increases in salary and depreciation expense.

OVERALL FINANCIAL POSITION

The Town's net assets decreased \$121,849 as a result of this year's operations. Unrestricted net assets (those assets available to finance the daily operations of the Town) were \$65,539 at year end. The amount invested in capital assets was \$2,096,721 at year end and net assets restricted by grantor were \$55,795.

TOWN'S FUNDS

At the end of the year, the Town's General Fund reported an unreserved fund balance of \$19,794. The increase in total fund balance for 2010 was \$7,124 primarily due to an increase in state operating grant revenues and an increase in transfers from the Water and Sewer Enterprise Fund. The Water and Sewer Enterprise Fund reported unrestricted net assets of \$45,670 at year end. The decrease in net assets was \$98,951 for 2010 primarily due to deprecation expense of \$132,805 and the transfer of \$60,965 to the General Fund to cover the expenditures of the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

At year end, actual revenues and other financing sources were \$8,837 more than budgeted revenues and other financing sources. Actual General Fund expenditures were \$20,659 less than budgeted expenditures. There was one budget amendment during the year. The Town prepares its General Fund budget on the modified accrual basis of accounting.

TOWN OF CLARKS

Clarks, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2010

CAPITAL ASSETS

At the end of the year, the Town had capital assets (net of accumulated depreciation) totaling \$2,096,721. Capital assets include the water and sewer systems and improvements, street improvements, land, buildings, and equipment and vehicles, costing \$500 or more. The Town's additions during the year were the purchase of office furniture in the General Fund for \$1,878 and the purchase of a mower for \$6,775 in the Water and Sewer Enterprise Fund. Additional information about the Town's capital assets is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town prepared its 2011 General Fund budget on the assumption that revenues and expenditures will remain fairly constant next year except the Town expects a decrease in state operating grant revenue. The Town plans to complete the street repair project that will be paid from General Fund restricted cash at June 30, 2010. Revenue and expenses of the Water and Sewer Enterprise Fund are expected to remain fairly constant for the year ending June 30, 2011.

BASIC FINANCIAL STATEMENTS

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF NET ASSETS
June 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$21,459	\$41,905	\$63,364
Receivables (net of allowances for uncollectibles)	5,417	22,542	27,959
Restricted cash	55,795		55,795
Capital assets (net)	503,377	1,593,344	2,096,721
TOTAL ASSETS	586,048	1,657,791	2,243,839
LIABILITIES			
Accounts payable	6,469	6,645	13,114
Payroll taxes payable	538	1,222	1,760
Customer deposits		10,910	10,910
TOTAL LIABILITIES	7,007	18,777	25,784
NET ASSETS			
Invested in capital assets	503,377	1,593,344	2,096,721
Restricted by grantor	55,795		55,795
Unrestricted	19,869	45,670	65,539
TOTAL NET ASSETS	\$579,041	\$1,639,014	\$2,218,055

See accompanying notes and accountant's report.

Statement B

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$146,878	\$8,394	\$18,756	(\$119,728)		(\$119,728)
Public works	6,630		\$6,630			
Total governmental activities	153,508	8,394	18,756	(119,728)	NONE	(119,728)
BUSINESS-TYPE ACTIVITIES:						
Water and sewer service	288,577	221,933	28,525		(\$38,119)	(38,119)
Total business-type activities	\$442,085	\$230,327	\$47,281	(119,728)	(38,119)	(157,847)
GENERAL REVENUES:						
Property taxes				7,018		7,018
Franchise taxes				10,768		10,768
Sales taxes				4,081		4,081
Occupational licenses				10,006		10,006
Investment earnings				83	133	216
Other revenues				3,909		3,909
Transfers				60,965	(60,965)	
Total general revenues and transfers				96,830	(60,832)	35,998
CHANGE IN NET ASSETS				(22,898)	(98,951)	(121,849)
NET ASSETS - BEGINNING				601,939	1,737,965	2,339,904
NET ASSETS - ENDING				\$579,041	\$1,639,014	\$2,218,055

See accompanying notes and accountant's report.

Statement C

TOWN OF CLARKS
Clarks, Louisiana

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL
ASSETS			
Cash	\$21,384	\$75	\$21,459
Receivable	5,417		5,417
Restricted cash	55,795		55,795
TOTAL ASSETS	<u>\$82,596</u>	<u>\$75</u>	<u>\$82,671</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$6,469		\$6,469
Payroll taxes payable	538		538
Total liabilities	<u>\$7,007</u>	NONE	<u>\$7,007</u>
Fund balance:			
Reserved by grantor	55,795		55,795
Unreserved	19,794	\$75	19,869
Total fund balances	<u>75,589</u>	<u>75</u>	<u>75,664</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$82,596</u>	<u>\$75</u>	<u>\$82,671</u>

**Reconciliation of the Balance Sheet of Governmental Fund
To the Statement of Net Assets:**

Total Fund balance - Governmental Funds	\$75,664
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	503,377
Net assets of governmental activities (Statement A)	<u>\$579,041</u>

See accompanying notes and accountant's report.

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	GENERAL FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL
REVENUES			
Taxes:			
Property	\$7,018		\$7,018
Sales	4,081		4,081
Franchise	10,768		10,768
Occupational licenses	10,006		10,006
Intergovernmental revenues:			
Federal grants		\$6,630	6,630
State grants	18,756		18,756
Traffic fines	2,929		2,929
Mowing fees	2,690		2,690
Use of money and property:			
Interest earnings	83		83
Rent	2,375		2,375
Other revenues	4,309		4,309
Total revenues	<u>63,015</u>	<u>6,630</u>	<u>69,645</u>
EXPENDITURES			
General government - current:			
Personal services and related benefits	17,098		17,098
Operating services	72,299		72,299
Materials and supplies	25,581		25,581
Capital outlay	1,878		1,878
Public works - administration		6,630	6,630
Total expenditures	<u>116,856</u>	<u>6,630</u>	<u>123,486</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(53,841)	NONE	(53,841)
OTHER FINANCING SOURCES			
Transfers (net)	<u>60,965</u>		<u>60,965</u>
NET CHANGE IN FUND BALANCE	7,124	NONE	7,124
FUND BALANCE AT BEGINNING OF YEAR	<u>68,465</u>	<u>75</u>	<u>68,540</u>
FUND BALANCE AT END OF YEAR	<u><u>\$75,589</u></u>	<u><u>\$75</u></u>	<u><u>\$75,664</u></u>

(Continued)

See accompanying notes and accountant's report.

TOWN OF CLARKS

Clarks, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to
the Statement of Activities:**

Net change in fund balances - Total Governmental Funds	\$7,124
Amount reported for governmental activities in the Statement of Activities (Statement B) is different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	<u>(30,022)</u>
Change in net assets of governmental activities (Statement B)	<u><u>(\$22,898)</u></u>

(Concluded)

See accompanying notes and accountant's report.

Statement E**TOWN OF CLARKS
Clarks, Louisiana****STATEMENT OF NET ASSETS - BUSINESS-TYPE ACTIVITIES
June 30, 2010**

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$41,905
Accounts receivable (net of allowance for doubtful accounts)	<u>22,542</u>
Total current assets	64,447
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>1,593,344</u>
Total assets	<u>1,657,791</u>
LIABILITIES	
Current liabilities:	
Accounts payable	6,645
Payroll taxes payable	1,222
Customer deposits	<u>10,910</u>
Total liabilities	<u>18,777</u>
NET ASSETS	
Invested in capital assets	1,593,344
Unrestricted	<u>45,670</u>
Total net assets	<u>\$1,639,014</u>

See accompanying notes and accountant's report.

Statement F**TOWN OF CLARKS
Clarks, Louisiana****STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2010**

	<u>Water and Sewer Enterprise Fund</u>
OPERATING REVENUES	
Service fees	<u>\$221,933</u>
OPERATING EXPENSES	
Salaries and payroll taxes	55,271
Contract labor	15,284
Utilities	27,662
Materials and supplies	23,038
Dues and fees	4,568
Office expense	1,823
Postage	1,187
Repairs	22,375
Travel	1,215
Fuel	1,273
Telephone	387
Miscellaneous	1,690
Depreciation	<u>132,805</u>
Total operating expenses	<u>288,578</u>
OPERATING INCOME (Loss)	<u>(66,645)</u>
NON-OPERATING REVENUE (Expenses)	
Interest income	133
State grants	24,690
Salary reimbursements	3,836
Operating transfers in (out)	<u>(60,965)</u>
Total non-operating revenues (expenses)	<u>(32,306)</u>
CHANGE IN NET ASSETS	(98,951)
NET ASSETS - BEGINNING	<u>1,737,965</u>
NET ASSETS - ENDING	<u><u>\$1,639,014</u></u>

See accompanying notes and accountant's report.

TOWN OF CLARKS
Clarks, Louisiana

STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
For the Year Ended June 30, 2010

	Water and Sewer Enterprise Fund
	<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$219,361
Customer meter deposits, net	1,030
Payments to suppliers	(104,707)
Payments to employees	<u>(49,084)</u>
Net cash provided by operating activities	<u>66,600</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	<u>(6,775)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating transfers in (out)	(60,965)
State grants	24,690
Salary reimbursements	<u>3,196</u>
Net cash used for non-capital financing activities	<u>(33,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>133</u>
NET INCREASE IN CASH	26,879
CASH AT BEGINNING OF YEAR	<u>15,026</u>
CASH AT END OF YEAR	<u><u>\$41,905</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating Income (Loss)	<u>(\$66,645)</u>
Adjustments:	
Depreciation	132,805
(Increase) decrease in accounts receivable	(2,571)
Increase in accounts and taxes payable	1,981
Increase in customer meter deposits	<u>1,030</u>
Total adjustments	<u>133,245</u>
Net cash provided by operating activities	<u><u>\$66,600</u></u>
See accompanying notes and accountant's report.	

TOWN OF CLARKS
Clarks, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

INTRODUCTION

The Town of Clarks is governed by the mayor-board of aldermen form of government. The aldermen receive a \$50 per diem for attending each regular and special meeting. The town provides public safety, public works, and general government services to its residents. The town has three full-time employees and an elected Chief of Police.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town of Clarks is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The town has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Town of Clarks. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF CLARKS
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and business-type activities funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the business-type fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the town.

The Town of Clarks reports the following governmental funds:

General Fund

The General fund is the general operating fund of the town and accounts for all financial resources of the general government.

LCDBG Capital Projects Fund

The LCDBG Fund is used to account for a grant from the United States Department of Housing and Urban Development, Division of Administration for the improvement

TOWN OF CLARKS
Notes to the Financial Statements

of the town's water system.

The Town of Clarks reports the following business-type activity funds:

Water and Sewer Enterprise Fund

The Water and Sewer Enterprise Fund accounts for the operations of the town's water and sewer systems.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and business-type activities fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided and operating grants. General revenues include all taxes, occupational licenses, interest, and other miscellaneous revenue.

Business-type activities funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. The Water and Sewer Enterprise Fund's operating revenues consist of charges for water and sewer sales. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. Deposits

The town's cash consists of interest-bearing and noninterest-bearing demand deposits. State law allows the town to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Trade receivables are generally shown net of an allowance for uncollectible amounts.

TOWN OF CLARKS
Notes to the Financial Statements

The town is of the opinion that an allowance for uncollectible accounts would be immaterial to the financial statements.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. For the year ended June 30, 2010, the town levied 6.23 mills for operations of the General Fund.

The town receives a pro-rata share of a one-fourth of one percent parishwide (excluding the Town of Columbia) sales tax approved by the voters in Caldwell Parish on October 19, 1985 for fire protection in the parish. The sales tax is collected by the police jury and remitted to the town net of its pro-rata share of the cost of collection.

E. Capital Assets

Capital assets, which include land, buildings, street improvements, the water and sewer systems and improvements, and vehicles and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Approximately 98 percent of the town's capital assets have been capitalized at cost and the remaining 2 percent have been capitalized at estimated cost based on the historical cost of similar assets. The Town of Clarks maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, other than land and construction in progress are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water and sewer system and improvements	25 years
Infrastructure - street improvements	40 years
Buildings	25 years
Vehicles and equipment	5-15 years

F. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWN OF CLARKS
Notes to the Financial Statements

G. Restricted Assets

Cash in the amount of \$55,795 that was received under a federal grant program and restricted for street repairs is reported as restricted cash with a corresponding restriction of net assets.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

A. Budget Information

The Town of Clarks uses the following budget practices:

A proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is presented to the board of aldermen in June. The budget is legally adopted by the board of aldermen at a board meeting and amended during the year as necessary. Budgets are established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budgetary comparison schedule included as supplemental information in the accompanying financial statements includes the original budget amounts and all subsequent budget amendments during the year.

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2010, the town has cash (book balances) as follows:

Checking accounts	<u>\$119,159</u>
-------------------	------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These deposits are secured from risk by federal deposit insurance.

TOWN OF CLARKS
Notes to the Financial Statements

4. RECEIVABLES

The following is a summary of receivables at June 30, 2010:

	General Fund	Water and Sewer Enterprise Fund	Total
Sales taxes	\$177		\$177
Franchise taxes	1,821		1,821
Occupational licenses	2,124		2,124
Mowing fees	1,295		1,295
Other		\$640	640
Accounts		21,902	21,902
Allowance for doubtful accounts	NONE	NONE	NONE
Total	<u>\$5,417</u>	<u>\$22,542</u>	<u>\$27,959</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2010, is as follows:

	Balance at July 1, 2009	Increases	Decreases	Balance at June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$1,700</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,700</u>
Capital assets being depreciated:				
Buildings	61,000			61,000
Street improvements	338,007			338,007
Vehicles and equipment	<u>307,849</u>	<u>1,878</u>		<u>309,727</u>
Total capital assets being depreciated	<u>706,856</u>	<u>1,878</u>	<u>NONE</u>	<u>708,734</u>
Less accumulated depreciation for:				
Buildings	18,300	1,525		19,825
Street improvements	9,859	1,408		11,267
Vehicles and equipment	<u>146,998</u>	<u>28,967</u>		<u>175,965</u>

TOWN OF CLARKS
Notes to the Financial Statements

	Balance at July 1, 2009	Increases	Decreases	Balance at June 30, 2010
Total accumulated depreciation	\$175,157	\$31,900	NONE	\$207,057
Total assets being depreciated, net	531,699	(30,022)	NONE	501,677
Total capital assets (net)	<u>\$533,399</u>	<u>(\$30,022)</u>	<u>NONE</u>	<u>\$503,377</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$1,500	NONE	NONE	\$1,500
Capital assets being depreciated:				
Water system and improvements	\$1,880,168			\$1,880,168
Sewer system and improvements	1,479,988			1,479,988
Equipment	20,738	\$6,775		27,513
Total capital assets being depreciated	<u>3,380,894</u>	<u>6,775</u>	<u>NONE</u>	<u>3,387,669</u>
Less accumulated depreciation for:				
Water system and improvements	\$706,466	\$71,760		\$778,226
Sewer system and improvements	944,802	59,365		1,004,167
Equipment	11,752	1,680		13,432
Total accumulated depreciation	<u>1,663,020</u>	<u>132,805</u>	<u>NONE</u>	<u>1,795,825</u>
Total capital assets being depreciated, net	<u>1,717,874</u>	<u>(126,030)</u>	<u>NONE</u>	<u>1,591,844</u>
Total capital assets (net)	<u>\$1,719,374</u>	<u>(\$126,030)</u>	<u>NONE</u>	<u>\$1,593,344</u>

Depreciation expense of \$31,900 for the year ended June 30, 2010 was charged to the general government governmental function and \$132,805 was charged to the water and sewer service business-type activities function.

TOWN OF CLARKS
Notes to the Financial Statements

6. INTERFUND TRANSFERS

The following is a summary of interfund transfers during the year ended June 30, 2010:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$60,965	
Water and Sewer Enterprise Fund		\$60,965
Total	<u>\$60,965</u>	<u>\$60,965</u>

The transfers were made to pay operating expenses of the General Fund.

7. RESERVED FUND BALANCE

At June 30, 2010, the General Fund reported \$55,795 in reserved fund balance. This amount is FEMA grant funds that are reserved for street repairs.

8. RISK MANAGEMENT

The town purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF CLARKS

Clarks, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2010

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$6,800	\$7,075	\$7,018	(\$57)
Sales	1,000	7,100	4,081	(3,019)
Franchise	6,300	12,100	10,768	(1,332)
Intergovernmental - state grants		26,143	18,756	(7,387)
Occupational licenses	6,500	4,400	10,006	5,606
Traffic fines	4,000	2,150	2,929	779
Fire protection fees	1,000			
Mowing fees	1,500	3,100	2,690	(410)
Rent	2,500	2,400	2,375	(25)
Investment earnings	50	75	83	8
Other revenue	7,600	600	4,309	3,709
Total revenues	<u>37,250</u>	<u>65,143</u>	<u>63,015</u>	<u>(2,128)</u>
EXPENDITURES				
General government:				
Personal services	12,000	18,700	17,098	1,602
Operating services	53,250	99,415	72,299	27,116
Materials and supplies	12,000	19,400	25,581	(6,181)
Capital outlay			1,878	(1,878)
Total expenditures	<u>77,250</u>	<u>137,515</u>	<u>116,856</u>	<u>20,659</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(40,000)	(72,372)	(53,841)	18,531
OTHER FINANCING SOURCES				
Transfers (net)	<u>40,000</u>	<u>50,000</u>	<u>60,965</u>	<u>10,965</u>
NET CHANGE IN FUND BALANCE	NONE	(22,372)	7,124	29,496
FUND BALANCE AT BEGINNING OF YEAR	<u>70,980</u>	<u>68,464</u>	<u>68,465</u>	<u>1</u>
FUND BALANCE AT END OF YEAR	<u>\$70,980</u>	<u>\$46,092</u>	<u>\$75,589</u>	<u>\$29,497</u>

There was one budget amendment during the year.

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

TOWN OF CLARKS
Clarks, Louisiana

OTHER SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2010

COMPENSATION PAID ALDERMEN

The schedule of per diem paid aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the aldermen is included in the general government personal services expenditures of the General Fund. Aldermen receive a per diem of \$50 for attending each regular meeting.

STATUS OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 3.

**CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN**

The corrective action plan for current year findings is presented in Schedule 4.

Schedule 2

**TOWN OF CLARKS
Clarks, Louisiana**

**Schedule of Per Diem Paid Aldermen
For the Year Ended June 30, 2010**

Buddy Carter	\$600
Fred Grant	600
Phyllis Holmes	600
Bonnie Hurst	500
James King	<u>600</u>
Total	<u><u>\$2,900</u></u>

See accountant's report.

TOWN OF CLARKS
Clarks, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2010

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2009-1	2009	Inadequate Segregation of Accounting Duties	Partial	See current year finding 2010-1.
2009-2	2009	Inadequate Controls Over the Preparation of Financial Statements	No	See current year finding 2010-2.
2009-3	2009	Inadequate Controls Over Accounting for Cash Receipts	Yes	N/A
2009-4	2009	Inadequate Controls Over Cash Disbursements	Partial	See current year finding 2010-3.
2009-5	2009	Inadequate Controls Over Water and Sewer Fund	Partial	See current year finding 2010-4.
2009-6	2009	Noncompliance with Local Government Budget Act	Yes	N/A
2009-7	2009	Failure to Maintain and Publish Minutes of Board Meetings	Yes	N/A
2009-8	2009	Failure to Assess and Remit Special Court Costs	Yes	N/A
2009-9	2009	Donation or Loan of Public Funds	Yes	N/A

See accountant's report.

TOWN OF CLARKS
Clarks, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2010

Reference Number	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
2010-1	Inadequate Segregation of Accounting Duties	It is not economically feasible to adequately correct this deficiency based on the size of the town.	Penny Jarrett, Clerk	N/A
2010-2	Inadequate Controls Over the Preparation of Financial Statements	It is not economically feasible to adequately correct this deficiency based on the size of the town.	Penny Jarrett, Clerk	N/A
2010-3	Inadequate Supporting Documentation for Payments for Contract Labor	The town will make every effort to get a written contract with contract laborer before June 30, 2011.	Penny Jarrett, Clerk	06/30/2011
2010-4	Inaccurate Accounting Records for Customer Meter Deposits	The records for customer meter deposits were corrected on September 22, 2010.	Penny Jarrett, Clerk	09/22/2010

See accountant's report.

**Independent Accountant's Report on Applying
Agreed-Upon Procedures**

The following independent accountant's report on applying agreed upon procedures is presented in compliance with the requirements of the *Louisiana Governmental Audit Guide* and the *Louisiana Attestation Questionnaire*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Accountant's Report
On Applying Agreed-Upon Procedures

MAYOR AND BOARD OF ALDERMEN
TOWN OF CLARKS
Clarks, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Town of Clarks and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Town's compliance with certain laws and regulations during the year ended June 30, 2010 included in the accompanying *Louisiana Attestation Questionnaire*. The town's management is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

A review was made of all disbursements for the year. There were no disbursements for public works that exceeded \$100,000 made during the year. There were no disbursements for materials and supplies exceeding \$20,000 made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

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TOWN OF CLARKS
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 2010

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of the employees included in the listing obtained from management in procedure number 3 above were also included in the listing obtained from management in procedure number 2 above as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

I obtained a copy of the legally adopted budget and the amended budget.

6. Trace the budget adoption and amendments to the minute book.

The 2010 budget was adopted at the June 25, 2009 board meeting. The amended 2010 budget was adopted at the June 8, 2010 board meeting.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by 5% or more.

Actual General Fund revenues and other sources exceeded budgeted revenues and other sources and actual General Fund expenditures were less than budgeted expenditures.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and;

- (a) trace payments to supporting documentation as to correct amount and payee;
- (b) determine if payments were properly coded to the correct fund and general ledger account;
- (c) determine whether payments received approval from proper authorities.

TOWN OF CLARKS
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 2010

An examination of six randomly selected disbursements disclosed the following:

- (a) The six selected disbursements were supported by adequate documentation.
- (b) The six selected payments were properly coded to the correct fund and general ledger account.
- (c) The six selected payments received approval from the proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the opening meetings law).

The agendas for the meetings were posted as required by LSA-RS 42:7.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I examined all deposits for the period under examination and noted no proceeds that appeared to be from bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the board meetings and an examination of payroll records indicated no payments which may constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

There were nine findings in the prior year audit report. Of those nine, five were resolved by management, three were partially resolved and one was not resolved.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

TOWN OF CLARKS
Independent Accountant's Report on
Applying Agreed-Upon Procedures
June 30, 2010

This report is intended solely for the use of management of the Town of Clarks and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

/s Carleen Dumas
Calhoun, Louisiana
September 27, 2010

Louisiana Attestation Questionnaire

The accompanying *Louisiana Attestation Questionnaire* has been completed by management and is included in this report as required by the *Louisiana Governmental Audit Guide*.

M. Carleen Dumas, CPA
369 Donaldson Road
Calhoun, LA 71225

Mrs. Dumas:

In connection with your review of our financial statements as of June 30, 2010 and for the year then ended, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on information available to us as of _____.

PUBLIC BID LAW

1. It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☐ No ☐ N/A ☐

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone which would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐ N/A ☐

3. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980 under circumstances which would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐ N/A ☐

BUDGETING

4. We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐ N/A ☐

ACCOUNTING AND REPORTING

5. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No [] N/A []

6. We have filed our annual financial statements in accordance with LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable.

Yes [X] No [] N/A []

7. We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No [] N/A []

MEETINGS

8. We have complied with the provisions of the Opening Meetings Law, LSA-RS 42:1-12.

Yes [X] No [] N/A []

DEBT

9. It is true that we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60 - 1410.65.

Yes [X] No [] N/A []

ADVANCES AND BONUSES

10. It is true that we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>/s Charles Toby Esters</u>	_____
Name	Date